Real Property
Questions and Answers

What is Personal Property?
Personal Property is property not permanently affixed to or part of the real estate. Any equipment used to operate a business is personal property.

How are equipment taxes arrived?
The market value is calculated by using the cost of the equipment, the type of equipment and the year the equipment was purchased. Each tax year we are given composite factors from The State Department of Revenue. Here is how the calculations are done:

\[ \text{Cost} \times \text{Composite} = \text{Market Value} \]
\[ \text{Market Value} \times 20\% = \text{Assessed Value} \]
\[ \text{Assessed Value} \times \text{the Millage Rate} = \text{Taxes} \]

When is the form due to be reported?
Personal Property forms are mailed for the business to receive by October 1st of each tax year and are to be returned to our office by December 31st.

Do I have to fill out a rendition form every year?
Yes, failure to fill out the form will result in a 10% penalty and a $5.00 fee.

If I have equipment just sitting around that I am not using am I taxed on that equipment?
Yes, if equipment is in working order and could be used by the business if the owner chose to use it, the equipment is classified as idle equipment. Idle equipment is taxable.

What is add on equipment?
Add on equipment is equipment that has been added to a vehicle whether by owner or manufacturer.

If I have equipment that I use personally and for my business do I need to report it?
Yes, if it is used for your business as well as personal it should be reported.

If equipment was given to me and I don't know the cost of it, should I report it?
Yes, if equipment was given to you and it is being used in the business it has value.

What do you consider to be supplies?
Supplies are anything that is used to operate the business that is not for sale. This cost should not be included in the equipment cost.

Is inventory taxable?
No, inventory is not taxable.
To download a copy of the Alabama Business Personal Property form, click here. (key in the search adv40)